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C O N F I D E N T I A L SECTION 01 OF 04 DUSHANBE 000576

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SUBJECT: CORRUPTION, TAJIK STYLE: "WE PAY FOR EVERYTHING BUT THE AIR WE BREATHE."

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REASON: 1.4 (b), (d)

11. (SBU) During EmbOff's March visit to southwestern agrarian Farkhar district, Mahmadali Hakimov, head of "Zamin," a successful conglomerate with businesses in farming, textiles, construction, banking, and hotels, philosophized about the high price of doing business in Tajikistan. "We pay for everything but the air we breathe," he lamented. When asked who could curb corruption, Hakimov admitted he had too many business equities to rock the boat and suggested that only outsiders could improve the environment.

12. (U) Everyone agrees corruption is an enormous problem -- Tajiks ruefully note Transparency International considers their country ranked eighth worst (an improvement of three places from last year), and a recent survey published in the "Asia-Plus" newspaper revealed that if given the chance to talk to President Rahmonov, 65% of those surveyed would talk about corruption. (NOTE: The other topics reported were Palestine, the November presidential elections, life, or their personal problems. END NOTE.)

13. (U) But no one quite knows how to tackle the issue, and no one wants to risk being cut out or cut off by taking a stand. President Rahmonov has spoken publicly for the need to root out corruption, but government and international efforts have yet to dent the pervasive culture of bribes, kickbacks and "service charges." Hakimov's complaint and reluctance to step up and confront corruption head on, preferring someone else to take the risk, represents a common response.

14. (U) This cable provides anecdotal examples of corruption and its effects in Tajikistan as part of a coordinated reporting effort with other Central Asian embassies to highlight regional issues. Please see corresponding corruption reports from

Almaty, Bishkek, Kabul and Tashkent.

CORRUPTION HERE, THERE, EVERYWHERE

¶5. (U) Without exaggeration, from cradle to grave, Tajik citizens face difficult choices everyday, to grease the wheels or go without basic services and documents. Below are a few common sectors where most people no longer question the "service fees."

¶6. (SBU) Utilities:

To keep the phone connected, the lights on and the water running, many families pay someone who "takes care of it," meaning a "service" fee. In some cases, the service fee ensures the customer a lower rate of tariff than the official electric rates. A Western NGO, for example, admitted paying "service fees" to ensure that they have a consistent supply of electricity.

¶7. (SBU) Education:

An Embassy staff member noted his brother was doing well at a local university, but he needs to pay for the exams (around 20 somoni, or \$6), or he won't receive a passing grade. Teachers' official monthly salaries range between \$6-100 so students are forced to make up the difference. Sometimes the bribe takes the form of personal items like clothing, food, or equipment. Students and parents say that most often it is cash, ranging from several dollars to pass a mid-year test, to several thousand dollars for a place at a top university. A teacher may force students to make payments regardless of whether the student knows the subject or not. In some cases, professors force students to purchase books not in the curriculum. Students in urban schools may make monthly payments of 5-10 somoni. Teachers may play favorites with students who pay

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regularly, thus disadvantaging poor students who cannot afford even a modest bribe.

¶8. (U) Medicine and Health:

Currently, all medical services are officially free of charge, but each and every patient pays under the table for examinations, laboratory tests, written prescriptions, and hospitalization, or just to get an earlier appointment. State-funded doctors earn an official salary even less than teachers (\$5-30 a month), so wages are supplemented by extra payments from grateful patients, sometimes in the form of food or goods. We have heard anecdotal cases of doctors refusing to provide emergency medical care until the patient or his relatives pay.

¶9. (U) In August 2005, the Ministry of Health inaugurated the "Guaranteed Benefit Package," introducing co-payments for certain medical services, but President Rahmonov suspended the initiative less than two months later due to public backlash at taking away their "free" medical services. Physicians in Qurghon-Teppe expressed to PolOffs resistance about a fee-for-service approach to family medicine. With the new system, physicians would receive a regulated (although considerably higher) monthly wage but patients would pay fees to a central system, not to the individual doctors, thus capping their incomes, albeit at a living wage.

¶10. (SBU) Transport:

"Rudaki Avenue is a toll road," quipped the American head of Mercy Corps about Dushanbe's tree-lined main avenue. Strategically stationed every 50-100 meters, traffic police with "pazhaluista" ("please") sticks routinely pull cars over. Several taxi drivers told PolOff one somoni (30 cents) would get them on the road again, unless their documents were not in order. The traffic police are not aggressive about their shakedowns. A number of Dushanbe-based foreigners have successfully employed the strategy of pretending to not speak Russian, smiling and shrugging until the frustrated traffic officer waves them off. Traffic police extract payments on all Dushanbe's major streets, and on the main arteries and

checkpoints outside the capital.

¶11. (C) Taxes and Inspections:

Dushanbe has very ineffective centralized control over regional and local branch tax inspection offices throughout the country. Branch offices hire whom they want locally but face enormous local government interference. The number of tax inspectors in the field offices quite often exceeds the workload. A Kazakh diplomat told PolOff that taxes and inspections were the two issues Kazakhstani businessmen complained about most in Tajikistan, and that Kazakh President Nazarbayev would raise it when Tajik President Rahmonov visited Astana May 4.

¶12. (SBU) A small business in Tajikistan faces myriad inspections, from checking receipts in the cash register to verifying licenses and registration. According to the IFC's 2003 Business Environment Survey in Tajikistan, small and medium enterprises were inspected an average of 16 times and 98% of respondents admitted making unofficial payments during the inspections. The manager of successful local cafi reported that the tax inspectors asked her not to ring up their food purchase on the cash register. She refused, knowing that had she done that, they could have found her guilty of the exact violation they were there to check, and ask for an even bigger payment to keep her out of trouble.

¶13. (C) Documentation:

Anecdotes abound in Dushanbe about the various prices for getting a passport or visa from the Ministry of Foreign Affairs' Consular Department. Bahrom Kholnazarov, Chief of the Tajik MFA's Consular Department and close relative of President Rahmonov, is responsible for issuing not only visas to foreign citizens but also international passports to Tajik citizens who

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desire to travel outside of Tajikistan. (NOTE: Tajikistan still requires that citizens have a domestic passport for identification and an international passport for travel. END NOTE.) Ask a Tajik about the hassles and "service charges" required to receive an international passport and be prepared for a litany of curses. Kholnazarov makes a corrupt killing. Though the required fee for processing is nominal, Kholnazarov charges between \$50 and \$250 per passport, depending on how badly - or quickly - the passport is needed. For a brief time Russia allowed Tajik migrant workers to travel and work in the Russian Federation on Tajik domestic passports, but dissent from the Russian Duma, several airlines, and the Russian border forces, rendered this law moot. Kholnazarov is guaranteed enormous money every year and has no desire to leave, even reportedly turning down a Deputy Foreign Minister position. One source recounted to EmbOff, "Kholnazarov, after being scolded by another high-ranking Tajik official, pointed to a picture of Rahmonov and said, 'As long as he is President, I will be Consular Chief.'"

¶14. (SBU) Air Travel:

For airline travel, seat availability often depends on whom you know, and the extra charges can range from \$6 on internal flights to \$25 for flights to Moscow. At the NGO forum, a number of European NGOs complained about the 10 percent add-on to the price of any ticket. A local NGO worker had to appeal to a friend in the Parliament for a ticket to Moscow. The NGO worker got a seat, but paid \$315 for a ticket with an official price of \$289.

¶15. (SBU) Tajik Air has no set pricing structure or standardized reservation system. When seats are not available, that extra payment can often result in a seat materializing at the last minute. (Or worse, in the case of the Embassy, sometimes an appeal to the Ministry of Security is the only way to get a seat for an outgoing diplomat.) A position as branch manager at a Tajik Air office can be bought for as much as \$30,000, thus giving the manager the ability to charge up to an extra \$20 per ticket. Given 200 seats per plane a few times a week, this can quickly provide a high return on the initial investment, not to mention extra side revenue earned through

freight costs.

¶16. (SBU) Registration:

The degree of difficulty of getting any organization or individual registered can depend on how much "assistance" one pays for. One NGO recounted its lawyer's story with a Ministry of Justice official. "All your papers are in order," he told her. "However, I will need to talk to Mr. Franklin to decide whether I'll approve it." She left, puzzled, and returned a few days later. "You don't get it, do you?" the official asked. "I need to talk to BEN Franklin. I bought my job, and I need to make my money back, as do the people below me and above me." (COMMENT: We find Tajik officials rarely talk so frankly with expats, but will be more forthcoming with their fellow Tajiks about expectations and payments. END COMMENT.)

SO WHAT? ISN'T EVERY COUNTRY A LITTLE CORRUPT

¶17. (U) The ramifications of such widespread corruption are almost impossible to quantify, but the result is poor medical care, poor public health, and under-educated and unqualified workers using false documents for positions for which they are not trained. The custom of buying a position, be it as a traffic cop or mid-level bureaucrat, perpetuates itself as each person needs to get his investment back from those below.

WHAT TO DO? WHAT IS BEING DONE?

¶18. (C) President Rahmonov and other high-level authorities have talked about the need to root out corruption; high-level staffing changes in the presidential administration and various ministries have helped improve the government's image by

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removing some notoriously corrupt officials. The head of the Presidential Apparatus's Department of International Relations was dismissed in February; he was rumored to demand money from any official nominated for training or business trips to foreign countries or his department would refuse to process the government's approval. However, those closest to President, like Consular Chief Kholnazarov, remain immune.

¶19. (SBU) The government itself has established an anti-corruption task force. The First Deputy Prosecutor General who oversees the anti-corruption unit, told Embassy staff the Parliament is drafting new anti-corruption legislation. He added that the special unit working at the Prosecutor General's Office needs residents to report incidents of corruption. He stated the unit could not be effective without help from Tajik citizens.

¶20. (C) In January, the Swedish International Development Agency (SIDA) pledged \$1.1 million to UNDP to fight corruption and used focus groups to develop a white paper for the government to formulate anti-corruption strategies. The white paper currently exists only in Russian and has yet to be circulated widely among the donors or others. A second component aims to strengthen Parliament's role in monitoring and controlling the state budget. (NOTE: An Amciti consultant working on anti-corruption projects at the UNDP quit after three months due to his frustration with what he saw as UNDP's unwillingness to confront anything the government found uncomfortable. END NOTE.) SIDA also plans a public awareness campaign to teach integrity in the schools.

¶21. (SBU) The Ministry of Economy and Trade is preparing to launch a website developed by IMF and UNDP to encourage government transparency that will include a "complaint box," where individuals or businesses can write to the Ministry if they are having problems with registration, obtaining a license or excessive inspections. However, the mechanism for responding to complaints has yet to be worked out so that complaints are not used to target troublemakers, and issues of confidentiality remain unresolved.

¶22. (U) Despite a tradition of self-censorship and shying away

from any topics remotely critical of the government, the press is becoming bolder about talking about corruption. "Asia-Plus," a popular Russian language newspaper, published a full-page article on corruption and its toll on Tajikistan. On a local level, the Kulob Civil Society Support Center held a roundtable meeting in January, inviting political parties and local NGOs, as well as the Kulob Mayor's office. Their conclusion: corruption had corroded the high echelons of power so much that it was impossible to combat corruption in Tajikistan from above and everything depended on society itself.

¶23. (SBU) COMMENT: The fact that people are talking about corruption more openly gives hope that a few courageous individuals will take a principled stand, thus creating momentum and public support for the nascent anti-corruption efforts. But most Tajiks have much to lose by refusing to pay, or refusing to take, bribes. Plus, many Tajiks see the luxury cars and successful businesses of President Rahmonov's family and his inner circle, and ask not how they can hold their government accountable, but how they, too, can get a piece of the growing wealth. Unless Tajikistan's decision makers realize that more profits can be made through successful but transparent business practices than from bribes and kickbacks, the government's efforts will remain largely superficial. Until then, someone just might find a way to charge for air. END COMMENT.
HOAGLAND